DOCUMENT RESUME

ED 357 688 HE 026 435

TITLE Open Hearing on Simplification of Need Analysis and the Delivery System, and Outreach and Early Awareness Programs (Stanford, California, August 14, 1989).

INSTITUTION Advisory Committee on Student Financial Assistance, Washington, DC.

PUB DATE Aug 89

NOTE 12p.; For related documents, see HE 026 428-443.

PUB TYPE Legal/Legislative/Regulatory Materials (090)

EDRS PRICE MF01/PC01 Plus Postage.

DESCRIPTORS *Access to Education; *Economically Disadvantaged; Eligibility; Federal Programs; Financial Services; Government Role; Higher Education; *Information Dissemination; Information Needs; Information Services; Intervention; *Minority Groups; Need Analysis (Student Financial Aid); Paying for College; Program Administration; *Public Policy; Records (Forms); *Student Loan Programs

ABSTRACT

The Advisory Committee on Student Financial Assistance held a hearing in California on the administration of federal student financial aid programs in higher education with emphasis on the simplification of need analysis and the delivery system, and outreach and early awareness programs. Testimony was offered by individuals from national and regional financial aid administrators groups, directors of financial aid offices, directors of federal outreach programs, financial aid officers and representatives of other national outreach programs. The testimony presented gave near unanimous support for simplification of need analysis. Comments were primarily directed toward those legislative changes advanced under a proposed Educational Excellence Act. Participants argued for automatic independent status for graduate and married students. Those who spoke about assets and home equity were not in favor of eliminating either from need analysis. Categorical exemptions were recommended and discussed. Eight specific recommendations on need analysis were offered. Participants discussed outreach and early awareness efforts with many reporting that current efforts do not reach those who need them most, that students must know and believe that financial assistance will be available at college, and that parents should be included in outreach effort goals. (JB)

**********
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
**********

HE

ED357688

# Open Hearing on

# Simplification of Need Analysis and

# the Delivery System, and

# Outreach and Early Awareness Programs

Advisory Committee

On

Student Financial Assistance

Hoover Institution, Stanford University
Stanford, California

August 1989

HE026435

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.

Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

On August 14, 1989, the Advisory Committee on Student Financial Assistance conducted an open hearing at the Hoover Institution at Stanford University. Members of the financial aid community, directors of outreach programs and other interested parties were invited to testify on simplification of need analysis and the delivery system, and outreach and early awareness programs.

The eight individuals offering testimony on simplification were representatives of national and regional financial aid administrators associations, MDE processors, and directors of institutional financial aid offices. Eight individuals, including directors of TRIO programs, other outreach programs, financial aid offices, and representatives of other national outreach programs, presented testimony on outreach and early awareness programs. Written testimony was also submitted by several higher education institutions and a state agency; copies of the testimony are available upon request. The remainder of this report summarizes those issues raised in the oral comments.

## SIMPLIFICATION

The testimony presented gave near unanimous support for simplification of need analysis, including, among other things, support for the integration of the Pell and Congressional Methodologies, the free Federal form, and AFDC verification as an automatic trigger for a zero SAI. Comments were primarily directed toward those

legislative changes proposed under Title VII (Need Analysis Amendments) of Senate Bill 695, The Educational Excellence Act.

Those who commented on the independent student definition basically agreed and supported the language included in Senate Bill 695. However, one witness was concerned that the simplified definition be consistent with Congressional intent. Currently a student must demonstrate self-sufficiency by showing an income of at least $4,000 for two years. This individual recommended an adjustment to the definition of income as well. This change would eliminate student aid from the calculation in order to avoid automatic independence in the third year of study. Another aid director suggested that assets should not be included in that $4,000 cutoff.

Also in keeping with Congressional intent, according to several financial aid directors, would be automatic independent status for graduate and married students. They felt that financial aid officers should be given full discretion to declare a student dependent based on significant parental support. This would allow the elimination of supplemental questions regarding "a guess of future events."

The computation of family contribution takes into account whether or not parents are enrolled in college. Presenters stated that there are ways in which an aid applicant might lower the family contribution (FC); for example financial planners are

beginning to recommend that parents enroll in a course at the local community college. The parent is offically "enrolled in college" and, for most families, the tuition is not negatively affecting their current standard of living. One witness noted that a parent in college is not necessarily indicative of need. This individual suggested that a parent in college should only be considered a factor in need analysis if their enrollment imposes a financial hardship on the family, and that this should be determined through the professional judgement of the aid officer.

Two individuals suggested eliminating special need analysis for Dislocated Workers and Displaced Homemakers and allowing the financial aid officer to use professional judgement when presented with information that suggests that the CM is not appropriate. This would reduce the number of questions on the form, thereby simplifying the process for the student, parent and the financial aid director. One individual also felt that the current instructions on the form do not state clearly that a financial aid officer has the ability to make adjustments.

Those who spoke about assets and home equity were not in favor of eliminating either from need analysis. Some, however, did feel that modification to the use of assets was necessary. The argument against elimination was that the use of adjusted gross income (AGI) alone will allow many middle- and upper-income families to hide resources and increase eligibility. This would harm the low-income applicant by

increasing the eligibility pool for already scarce dollars. It was suggested that through the use of a series of data elements, those with higher assets can be screened, and thus required to complete the asset questions. For all others asset information may be unnecessary. A "home equity protection allowance" based on a geographic housing index was also suggested. Several aid administrators observed that asset information is not necessary from poverty level applicants. But one individual stressed that a significant level of detail would be necessary from middle- and upper-income students in order to make reasonable and equitable decisions at the institutional level, and expressed his concern over extending simplified need analysis beyond the $15,000 cutoff.

One financial aid director recommended that student submission of a paper SAR be eliminated. For the 1990-91 year schools will be able to receive the Pell SAI directly from the MDE. This individual felt that requiring a SAR of all Pell recipients would be a waste of funds and also a barrier for many deserving students.

Categorical exemptions were recommended and discussed. Everyone who testified on simplification supported the concept of using the receipt of AFDC and similar need-based Federal and state support as automatic eligibility for student aid. The first page of the application should ask a very few questions regarding receipt of such benefits so that a zero FC can be determined without the completion of the full form.

Testimony was presented in support of a totally free form. Though, some felt that this would not be possible in the immediate future and unlikely in the distant future. In the interim, one individual suggested that those who have a categorical, automatic eligibility receive MDE processing free of charge. The MDE could be reimbursed by the government or the cost could be absorbed by regular applicants. One witness felt that the free form should not be extended to regular applicants applying for Federal and state aid.

The following recommendations were also made:

- Need analysis models should be integrated so that one single model could be used to apply to all title IV programs.

- National standards should be set for data element definitions and record formats commonly used in financial aid, to allow a more accurate and facile exchange of data between state and Federal agencies.

- A national student aid database containing summary data on individual students should be maintained. This would assist in monitoring for defaults, aggregate maximums, concurrent aid awards and would eliminate the burdensome Financial Aid Transcript process.

- The distribution of funds across institutions should be studied. For example, Community colleges have traditionally received fewer aid dollars. After MISAA, the distribution funding formula was changed in their favor but the emphasis shifted from grants to loans.

- Veterans Benefits should be considered a resource in the determination of student contribution.

- Expected earnings should be used. The use of base year income is not fair to non-traditional students, especially those who leave work to go back to school full-time. Although it is verifiable there are groups of students who are not being treated fairly. Many of these students leave well paying jobs to return to school.

- Need analysis formulas should be reviewed to insure that each data element contributes to equity.

- The authority for financial aid officers to use professional judgement must be restored and expanded.

Several who testified on simplification also commented on outreach and early awareness. These comments are included in the following section.

**Outreach/Early Awareness**

The testimony presented to the Advisory Committee outlined many of the problems facing low-income and disadvantaged students, especially first-generation college students, as they prepare for postsecondary education. Eight individuals discussed the special needs of these students and those facets of a program that help meet those needs. Several individuals also spoke of the Federal role in outreach programs.

The diversity of the population served by the Title IV programs increases the challenge to find solutions to access for all students. In order to do this, several suggested, every individual must take responsibility to inform young people and act as role models. The primary responsibility should be with educators, politicians, and policymakers. These are the people who have the greatest power and influence to make these programs work.

According to several who testified, a primary problem with the current models is that they don't necessarily reach those who need the services most. Low-income, and disadvantaged students face many obstacles. Two of the greatest for them to overcome

are lack of value placed on academic achievement and negative peer pressure. But even if a student is able to overcome these, they very often have little information about their educational options and the financial aid support that is available to them. Most middle- and upper-income students receive their information from teachers, mentors, counselors and educated parents. This information is not as accessible to low-income students. Therefore, one individual recommended, legislation should be amended to require semi-annual financial aid application and information workshops in all Title IV programs for low-income, and disadvanted students. This individual also suggested an annual mailing to all low-income, and disadvantaged students informing them of all their options.

Students must also be informed and believe that financial assistance will be available to them when they reach college. Many low-income students are not aware of the range of Federal assistance programs, especially grant programs. Those who testified unanimously agreed that this process should begin before a student reaches the high school junior or senior level. The youngest age served by current Title IV legislation is 12 years of age. Although these students benefit from the programs, younger students need to be included. Those students who would benefit most from an outreach program have given up hope of pursuing postsecondary education well before that stage in their educational career or have dropped out completely. Students are often labeled as college bound as early as the 5th grade. When reached at this age,

students can begin preparing academically, mentally, and financially by setting college as their goal. Each of the presenters stressed this, and one individual pointed out that knowledge of and ability to access Federal assistance can be a motivator for students to be academically successful in secondary school.

Hearing participants also agreed that outreach must be broadened to include parents in the early awareness process. Parents must be taught that college is an attainable goal and should be encouraged to set postsecondary education as a goal for their children. Parents may have negative attitudes about school based on their own experience, and therefore may place less value on education. To be effective the message must be taken to the parent or guardian rather than the parent brought to the message. Avenues suggested include churches, community service centers and agencies, neighborhood associations, local business and media.

One participant, a director of financial aid, discussed the special needs of first generation college students including both low-income and middle-income students. She stressed that financial aid personnel--and other campus offices--must be sensitive to their needs. It is also critical that these students be advised in student aid and academic issues not just informed. This aid administrator asks applicants if they are first generation college students on their institutional form so that these students can be

targeted for extra attention or support. This of course might be very difficult on a large University campus.

There were several functions cited as part of the Federal role. First, it was suggested that Federal dollars should assist state and local efforts and should be used on Trio program improvements. With administrative structures in place, funding can be applied toward improved service and expansion to include younger students. Second, it was urged that FIPSE applicants be encouraged to focus on serving at-risk populations. This would stimulate individuals and groups to expand efforts in this area. Finally, evaluation was recommended. This would include a longitudinal study to see if intervention efforts are successful, and a definition of success that can be used to evaluate at-risk students.